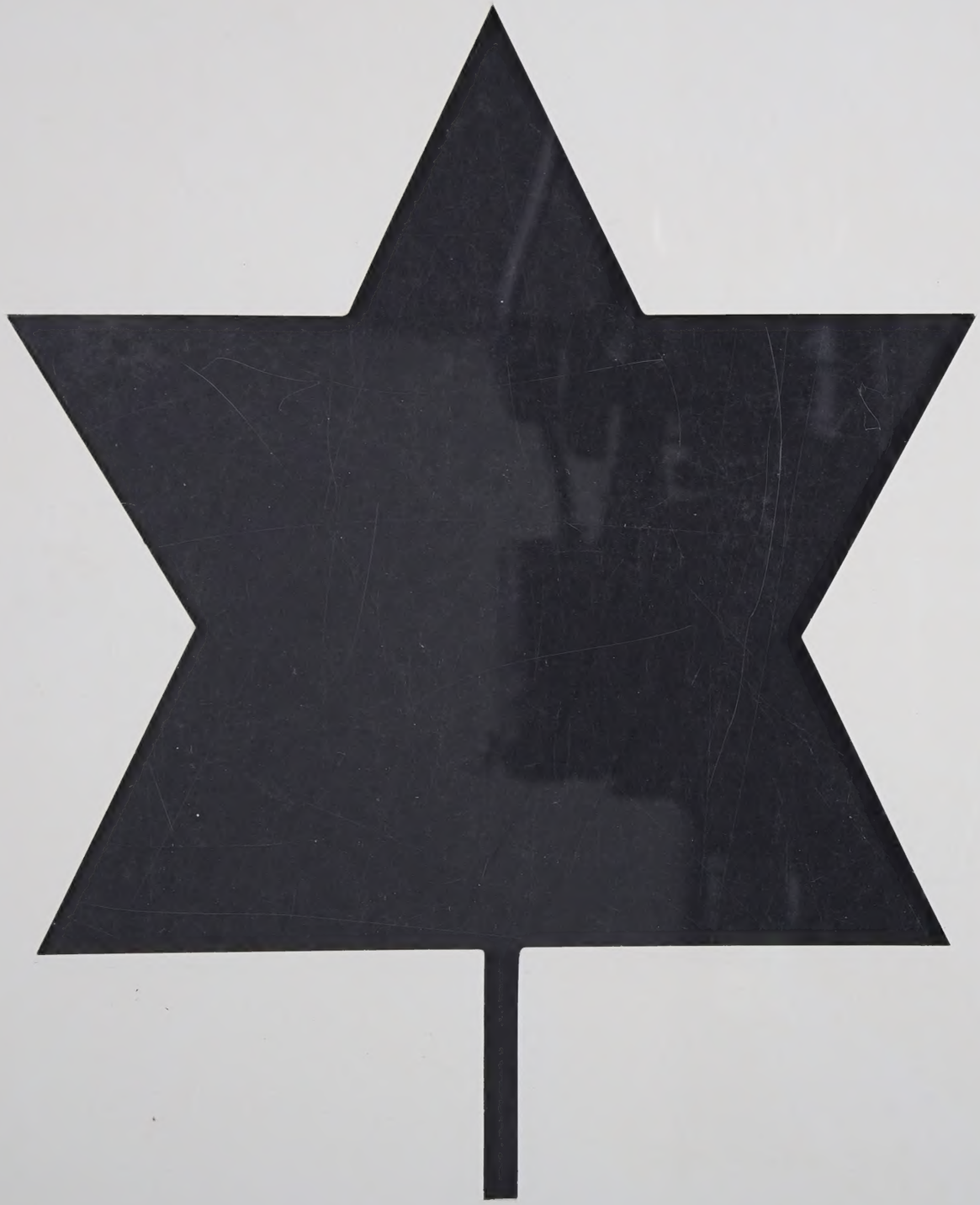
AR21

Silverwood Industries

Annual Report - 1974

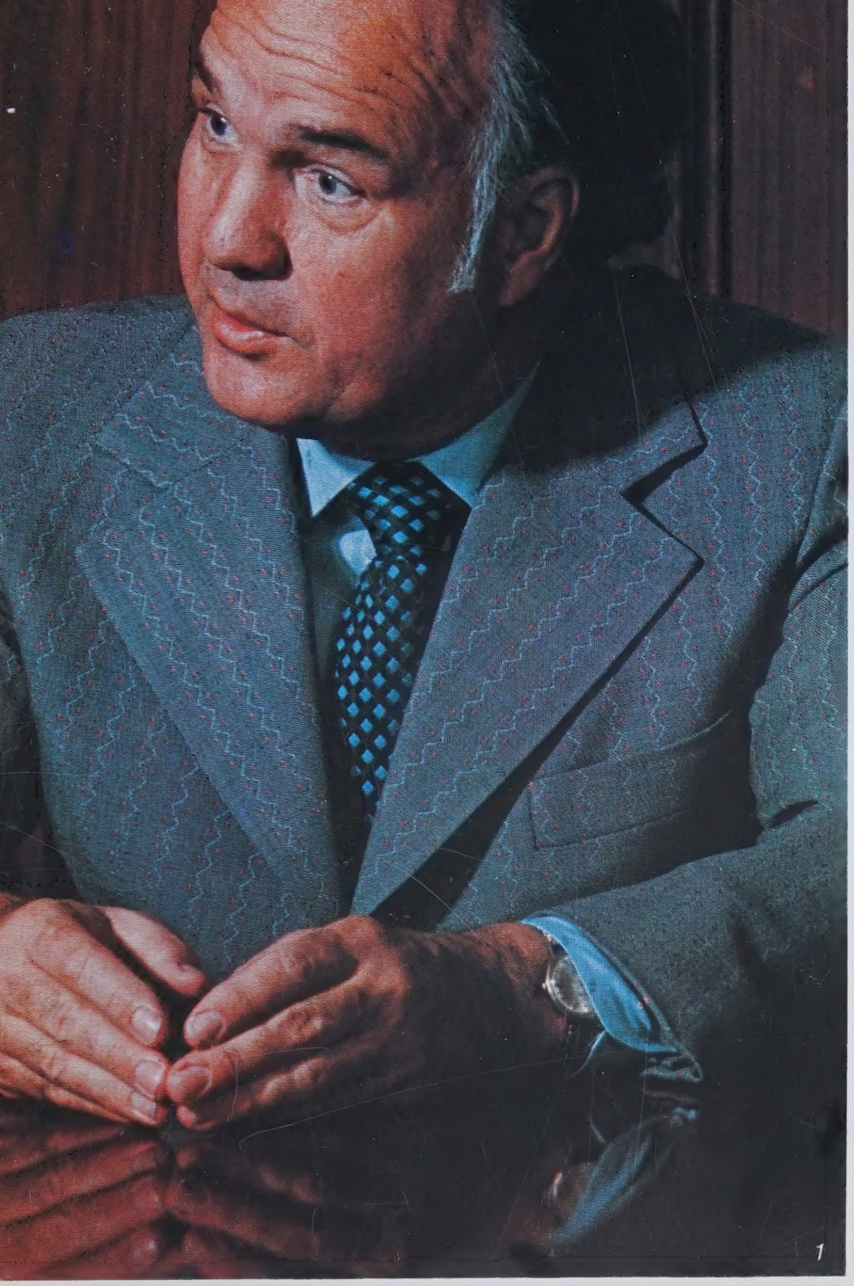


SILVERWOOD INDUSTRIES LIMITED FINANCIAL HIGHLIGHTS

Year ended December 29, 1974 and December 30, 1973

		1974		1973
Sales		**$229,080,262**		$189,207,993
Consolidated net income before extraordinary items	**$**	**1,354,921**	$	2,204,189
Consolidated net income for year	**$**	**1,645,750**	$	2,452,100
Dividends paid	**$**	**1,075,496**	$	1,075,496
Rate per Class "A" and Class "B" share	**$**	**.80**	$	.80
Consolidated retained earnings re-invested in business to date	**$**	**17,828,496**	$	17,258,242
Shareholders' equity	**$**	**25,169,813**	$	24,599,559
Shares outstanding				
Class "A"		**903,158**		903,158
Class "B"		**441,212**		441,212
Equity per Class "A" and "B" share	**$**	**18.72**	$	18.30
Debentures outstanding	**$**	**6,832,500**	$	7,190,000
Consolidated funds provided from operations	**$**	**5,455,770**	$	5,670,644
Consolidated working capital	**$**	**2,671,837**	$	3,339,964

A Canadian owned Company engaged in the provision of a range of consumer goods and services within Canada.



To our Shareholders

The fiscal year 1974 was one of the most difficult operating years in the history of your company, characterized as it was by rampant inflation on the cost side and pricing rigidities and consumer resistance on the sales side. It was a disappointing year for management and indeed for shareholders as the pressures of the economic climate in which we operated brought about a recession in our earnings growth.

This report submitted on behalf of the Board of Directors of the company, will outline for you the basic circumstances that affected the company in its 1974 operations.

Total sales increased significantly by $39,872,269 or 21.1% over the 1973 year. Real growth was readily apparent in the sales of the convenience store division over and above the inflation factor, while dairies division reflected little real growth although sales dollars were considerably increased. Satisfactory actual sales growth took place in both our Londonderry Distributors and Baskin-Robbins divisions. A more detailed examination of the various divisions is included with this report and accordingly these matters will be dealt with in that section of the report.

Consolidated net income from operations of $1,354,921 reflected earnings per Class "A" and Class "B" shares of $1.01 and is a decrease of $849,268 or 63¢ per share from the 1973 year. The 1974 earnings from operations represents only 0.59% on every sales dollar. Consolidated net income, including extraordinary items, was $1,645,750 or $1.22 per share. The extraordinary gains came from sales of surplus properties and the resultant benefits received therefrom in Lindsay and Elmira, Ontario; Winnipeg and Portage la Prairie, Manitoba; and Fort MacLeod, Alberta. The disposal of surplus properties is an ongoing policy and it is anticipated that several substantial properties will be disposed of in 1975.

During 1974, we did not obtain a return on net worth either equal to the 1973 figure or an amount reasonable for the risk capital involved. The management of Silverwood Industries Limited aggressively surveyed, and will continue to do so, investment opportunities which will enable the company to increase its return on net worth to a figure that is compatible with the risk involved.

The year was an enigma for Silverwood management with its contrasting divisional operations.

Our convenience store division, Mac's Milk Limited, was never stronger. Its growth and profitability increased as planned. The entire operation throughout Ontario, Manitoba, Alberta and British Columbia demonstrated a maturity of approach and an efficient, smooth functioning operation capable of reacting to the vagaries of the marketplace. The acceptance of its marketing policies by the consuming public is well evidenced by its increasing sales, not only in total but on a per store basis, which increase is in excess of the inflation factor.

Londonderry Distributors, although a much smaller operation, continues to grow as a major supplier in the aseptic chilled citrus juice market. Our Baskin-Robbins 31 Flavours stores have continued to increase in number so that they are now commencing to make an impact on the ice cream market and have achieved remarkable consumer acceptance.

Yet, as we have indicated throughout the year, Silverwood Dairies Limited, our dairies division, has suffered through a most difficult year. This came about because of several factors; some internal because of the nature of our own particular business and its need to change its mode of operation to cope with the intensive labour costs in production and distribution as discussed under operations review, and some external in nature because of the social changes taking place in farming, the increasingly inflationary cost of raw materials affected by pressures from the world market, and consumer reaction to a rapidly escalating food cost nationally.

In September of 1973, the Federal Government declared a 5¢ per quart subsidy on sales of fluid milk; a politically motivated action to temper the cost to the consumer of the rising cost of food. In our interim report of September 1973, we expressed our grave concern against a policy which tries unrealistically to isolate and freeze for a year the incomes of the milk producers and processors of the country while leaving their costs free to escalate with the inflationary trends of the economy.

During 1974, costs of packaging materials, gasoline and labour escalated to a much greater degree than had been envisaged in the fall of 1973. Costs at the farm escalated equally because of the world shortages of feeds, fertilizers, gasoline and machinery parts. It became necessary in every province for governments to break the federally imposed rulings and allow cost adjustments to ensure an adequate farm supply of milk. These adjustments in the main were after the fact, favoured the producer segment and reduced appreciably the gross margins in the fluid milk processing industry.

Significantly, after re-election, the Federal Government chose to drop the fluid milk subsidy within a four month period rather than over a longer term as requested by all segments of the industry. Therefore, the latter part of 1974 shows a decreased consumption pattern by consumers, which in turn affects the domestic producing industry.

During the year, the philosophy of corporate profit was under attack despite the general realization that it is the motive that has driven the democratic entrepreneurial economy of Canada to produce one of the highest living standards in the world in a few short decades. In-depth studies by both the Federal Food Prices Review Board under the chairmanship of Mrs. Beryl A. Plumptre and the Ontario Ministry of Consumer and Commercial Relations under its minister The Honorable John T. Clement, found no abuse of the public by food processors including the dairy industry. Yet, this did not alleviate the undue pressures placed against the industry with the resultant reduction in gross margins beyond workable levels.

What, then, are the long term prospects for this company? As you would anticipate, the foreseeable future for the convenience store industry and particularly Mac's Milk Limited as the leader in its field, is encouraging. This concept of retailing is now widely accepted and although we do anticipate the need to change operating procedures in the years ahead, the organization has matured to the point where it should progress aggressively. Londonderry Distributors Limited and Baskin-Robbins ice cream stores have established themselves in their fields and should develop both in size and profitability.

A great deal of change is still taking place in our dairies division. We are confident that these changes are developing a much stronger organization with leaner capital involvements and the ability to be more competitive in the marketplace.

It is appropriate that reference should be made to the very severe capital strain placed upon an organization such as ours in these inflationary times, causing needs for additional means of financing necessary increased receivables and inventories. The extremely high interest rates of 1974 placed an added burden on operating profits and we are pleased to see the current downward trend in those rates. Various steps have been taken through bank borrowings to restore our working capital and maintain a strong financial position which will be required to cope with what appears to be "continuing inflation".

As in the past, we wish to acknowledge the very great contribution made to our operations by the staff. Their spirit of co-operation is one of the major strengths of the Silverwood companies. Of more than passing note is the fact that Mr. H. T. Spettigue, our Senior Vice-President, will have completed fifty years of service with the company on March 5, 1975. To all of our staff and to Mr. Spettigue especially, we say a sincere "thank you".

The problems that are in the business community today, emanating from government controls, inflation, shortages of supplies, etc., will, I am sure, continue to plague us for many years to come. However, we are firmly committed to deal with these matters on an ongoing basis, and are confident that the future of the company will continue to be that of an expanding, aggressive, Canadian owned company in the food business and related fields, operating under the Silverwood concept that has been built up over so many years.

Eric F. Findlay

Chairman of the Board,
President and
Chief Executive Officer

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Silverwood Industries Board of Directors

1	*Eric F. Findlay*	8	*D. G. Silverwood*
2	*D. F. Guy*	9	*G. M. Carlyle*
3	*H. T. Spettigue*	10	*W. I. Barton*
4	*A. E. Lawrence Jr*	11	*D. H. Thain*
5	*David B. Weldon*	12	*W. Sagain*
6	*C. L. Tulloch*	13	*R. G. Pardy*
7	*N. E. Kaye*	14	*J. Allyn Taylor*

Operations Review

Convenience Store Division

Mac's Milk Limited advanced its sales through 1974 to $96,793,640, an increase of $14,029,273 or 17% over 1973. Net earnings continued to grow commensurate with the physical growth of the business across the country.

This division is managed from head office facilities in Scarborough, Ontario, with region offices in Scarborough for Ontario, Calgary for the Prairie region and Vancouver for British Columbia. In addition, the Prairie region has a district office in Winnipeg with the Ontario region having district offices in Scarborough, Weston, Burlington, London, Windsor and Ottawa.

A healthy growth pattern continues with 478 stores open at the year-end, a net increase of 39 stores after having closed-out some uneconomic stores throughout the year. There are 348 of these stores in the Ontario market, 33 in Manitoba, 34 in Alberta and 63 in British Columbia.

A great deal of management attention is being focused on marketing to increase sales through the current stores and the increase in per store sales has been most gratifying. As well, increasing attention and study is being given to the development of new markets within the North American scene.

"Industries" management is particularly pleased with the development within this division and the opportunity it provides as a vehicle for the establishment of individual Canadians in smaller, well run businesses under their own direction. Whether this is accomplished under our dealer contract or as a franchise operator, it allows for the entrepreneurial development of business through the individual talents of hundreds of our people.

(continued)

AYLMER
TOMATOES
AYLMER
TOMATES
ALPHA BITS
SUGAR CRISP

STRAWBERRY
tic tac

VICKS cough syrup
JACK JILL
NESTLE TOLL HOUSE
Bamper

Welcome To

Convenience Store Division
(continued)

This concept has also provided for the consumer, a return to convenient fun-type shopping under friendly social conditions. The corporate management group thus provides a medium which is clean, efficient and well organized for the individual, both dealer and consumer.

Mac's Milk Limited, positioned as it is in this growth oriented segment of the Canadian food retailing industry, confidently anticipates that 1975 should again be a year of major progress.

Citrus Juice Division

Londonderry Distributors Limited, the wholly owned processor and distributor of aseptic citrus juices and citrus drinks increased its sales by 18% during the 1974 period. Net operating income before tax was comparable to the previous year despite the competitive pressure on margins which carried over from 1973.

Distribution of chilled juice and frozen concentrate is made across Canada from the Maritimes to British Columbia. The major portion of its production capabilities is currently used in specialty processing under the brand labels of the major marketing groups in the country together with production under the Silverwood label for distribution through the Home Service and wholesaling facilities of the Dairies Division.

It is the intention of the Company to broaden its sales base through 1975 with the development of a nationally branded line of citrus juice products. This coincides with the ongoing expansion and upgrading of its production capabilities with the aim of providing the most efficient processing and distributing facilities of quality controlled products available in the citrus juice field.

During the year, the business office of the Company was moved to quarters within the processing facility, providing for a greater cohesive effort by the executive group.

MAC'S
MAC'S
COLA

MAC'S
potato chips
2 LARGE BAGS
MAC'S

mac's

Dairies Division

Silverwood Dairies increased its sales extensively during 1974 to a record annual sales of $148,885,997, an increase of $26,136,398 or 21.3%. Unfortunately, as has been indicated, operating earnings were off considerably from the previous year.

This division has its head office in Mississauga, Ontario wtih separate region offices in Toronto and London, Ontario; Calgary, Alberta and Victoria, B.C. These region offices control some eighteen processing plants in fluid milk, ice cream and industrial milk, together with an additional twenty distribution branches and numerous independent area distributors.

The Ontario regions have witnessed a major move toward centralized processing with the closing of four fluid milk processing operations in Kitchener, Orillia, Toronto Norseman and Toronto Scarborough, Ontario, since our last annual report, although distribution is still undertaken from these facilities. Distribution depots were closed in Lindsay, Bracebridge and Elmira, Ontario, and in Fort MacLeod, Alberta. New facilities have been provided for our distribution depot in Banff, Alberta.

Major renovations were completed in our Toronto Dupont processing facility, although much later than had been anticipated due to material shortages. Similar renovation in our London milk processing facility is virtually completed, while an extensive addition to our London "401" ice cream production plant will be in use for the major part of the 1975 production year.

These moves toward centralized production facilities have brought about an extensive revamping in our inter-branch fleet. Yet to be accomplished in 1975, will be the closing and sale of some of our former processing plants and a replacement of them with other distribution facilities.

Extensive changes have been made and are being made in our distribution routings with particular emphasis on our home service operations. In Alberta and Saskatchewan, this has been brought about with the introduction of four day work weeks in our labour contracts in those provinces.

Management is working aggressively to cope with the squeeze on operating margins brought about by the price freeze described in the Chairman's report, the rapidly escalating costs of sugar, raw milk, gasoline and packaging materials, and the increased cost of financing inventories and receivables. Any relief that was obtained was generally received long after the incurrence of costs during 1974, but it is anticipated that management will be able to react more positively through 1975.

With all of the changes described, a return to a more favourable financial result is anticipated for 1975.

Silverwood

Silverwood's

Research and Development

The Research and Development Laboratory is a corporate resource established and maintained under the guidance and control of Silverwood Industries Limited as a technological support function to all company divisions.

The offices, laboratory and pilot plant facilities are located in London, Ontario, adjacent to the Executive Office building of "Industries" and operates with a technical staff having backgrounds in the fields of food science, chemistry and microbiology, assisted by support technologists. The objectives are both to investigate and initiate technological innovations and product improvements that will contribute to the marketing growth of the operating subsidiaries of Silverwood Industries Limited.

The Research and Development Laboratory is well equipped to perform in-depth investigations into the compositions of food as well as the development of new or modified food products. Already, significant contributions have been made in the areas of improved product performance, cost and shelf-life through new product formulation and processing techniques developed at the London facilities. The Research and Development Laboratory is also involved with several applied research projects under the assistance and support of both the National Research Council of Canada and the Federal Department of Industry, Trade and Commerce.

Ice Cream Specialty Retailing Division

The Baskin-Robbins 31 Flavours store division has had a most satisfactory year, virtually doubling their number of stores and having 15 open at year-end. These stores are primarily dispersed in the Metropolitan Toronto area, with stores in Toronto, Etobicoke, Mississauga, Rexdale, Downsview, North York, Scarborough and Richmond Hill. Stores have also been established in Oakville, Guelph, Kitchener-Waterloo and London. During 1975, priorities have been planned to solidify the coverage across the Province of Ontario before taking this operation further afield.

In the inflationary times that we are experiencing, it has been interesting to note the resurgence of demand for high quality brands of ice cream as opposed to "low price" brands. It has indicated to us that the consumer is insisting on value for her food dollar, and where this is demonstrated, is prepared to pay for it. This has been the prime marketing theme of Baskin-Robbins ice cream stores since their inception.

Ten year comparative summary

1972 –
***Fifty-two weeks ended December 31, 1972*

1972 –
**Fifty-two weeks ended January 2, 1972*

1971 –
Forty weeks ended January 3, 1971

1966-70 –
Twelve months ended March 31

Fiscal period	**1974**	1973
Sales	**$229,080,262**	189,207,993
Consolidated net income before extraordinary items	**$ 1,354,921**	2,204,189
Consolidated net income for period	**$ 1,645,750**	2,452,100
Consolidated net income for each Class "A" and "B" share before extraordinary items	**$ 1.01**	1.64
Consolidated net income for each Class "A" and "B" share for period	**$ 1.22**	1.82
Dividends	**$ 1,075,496**	1,075,496
Per Class "A" share	**$ .80**	.80
Per Class "B" share	**$ .80**	.80
Percentage of consolidated earnings paid in dividends	**65.3%**	43.9%
Consolidated earnings re-invested in the business	**$ 570,254**	1,376,604
Percentage of consolidated earnings re-invested in the business	**34.7%**	56.1%
Capital invested		
Long term debt	**$ 13,149,557**	12,104,719
Shareholders' equity	**$ 25,169,813**	24,599,559
Total	**$ 38,319,370**	36,704,278
Percentage of shareholders' equity to total investment	**65.7%**	67.0%
Shareholders' equity per share	**$ 18.72**	18.30
Consolidated working capital December 29, 1974; December 30, 1973; December 31, 1972; January 2, 1972; January 3, 1971; March 31, 1966 - 1970	**$ 2,671,837**	3,339,964

**1972	*1972	1971	1970	1969	1968	1967	1966
172,001,680	162,629,505	118,042,541	144,678,893	125,956,843	99,805,847	90,790,724	61,956,835
1,247,582	1,504,587	1,409,910	1,885,299	1,823,393	1,697,382	1,667,497	1,535,809
1,762,700	1,538,348	1,466,225	2,261,507	2,094,577	2,023,326	1,731,052	1,559,984
.93	1.12	1.05	1.40	1.36	1.26	1.24	1.16
1.31	1.14	1.09	1.68	1.56	1.51	1.29	1.18
1,075,496	1,075,496	806,622	1,075,498	1,075,498	1,075,495	1,070,570	991,413
.80	.80	.60	.80	.80	.80	.80	.77½
.80	.80	.60	.80	.80	.80	.80	.77½
61.0%	69.9%	55.0%	47.6%	51.3%	53.2%	61.8%	63.3%
687,204	462,852	659,603	1,186,009	1,019,079	947,831	660,482	568,571
39.0%	30.1%	45.0%	52.4%	48.7%	46.8%	38.2%	36.7%
12,684,757	11,007,652	10,670,617	10,696,847	9,677,792	9,923,198	10,345,957	2,950,796
23,222,955	22,535,751	22,072,899	21,413,296	20,227,287	19,165,244	18,227,609	17,320,583
35,907,712	33,543,403	32,743,516	32,110,143	29,905,079	29,088,442	28,573,566	20,271,379
64.6%	67.1%	67.4%	66.7%	67.6%	65.9%	63.8%	85.4%
17.27	16.76	16.42	15.93	15.05	14.26	13.56	13.12
3,929,331	3,274,310	3,355,441	4,249,573	3,103,157	7,683,550	7,700,429	2,509,365

Silverwood Industries Limited and its subsidiary companies

Consolidated statement of income

Year ended December 29, 1974 *(with comparative amounts for the year ended December 30, 1973)*	**1974**	1973
Sales *(note 7)*	**$229,080,262**	$189,207,993
Less:		
Cost of materials and production expenses	**171,468,324**	136,854,569
Selling, administrative and general expenses	**49,400,427**	43,450,129
Depreciation and amortization	**3,730,849**	3,519,855
Interest (including interest on short term debt – December 29, 1974 - $541,190; December 30, 1973 - $187,591)	**1,631,441**	1,127,051
	226,231,041	184,951,604
Income before taxes on income and extraordinary items	**2,849,221**	4,256,389
Taxes on income:		
Current	**1,124,300**	2,105,600
Deferred	**370,000**	(53,400)
	1,494,300	2,052,200
Consolidated net income before extraordinary items	**1,354,921**	2,204,189
Extraordinary items *(notes 4 and 7)*	**290,829**	247,911
Consolidated net income for year *(note 1)*	**$ 1,645,750**	$ 2,452,100
Earnings per Class "A" and "B" shares:		
Consolidated net income before extraordinary items	**$ 1.01**	$ 1.64
Consolidated net income for year	**$ 1.22**	$ 1.82

Consolidated statement of retained earnings

Year ended December 29, 1974 *(with comparative amounts for the year ended December 30, 1973)*	**1974**	1973
Balance, beginning of year	**$17,258,242**	$15,881,638
Add consolidated net income for year *(note 1)*	**1,645,750**	2,452,100
	18,903,992	18,333,738
Deduct:		
Dividends declared (80¢ per share) –		
Class "A"	**722,526**	722,526
Class "B"	**352,970**	352,970
	1,075,496	1,075,496
Balance, end of year	**$17,828,496**	$17,258,242

(See accompanying notes to the consolidated financial statements)

Silverwood Industries Limited and its subsidiary companies

Consolidated statement of changes in financial position

Year ended December 29, 1974 *(with comparative amounts for the year ended December 30, 1973)*	**1974**	1973 (as restated note 7)
Source of funds:		
Operations –		
Consisting of:		
Consolidated net income before extraordinary items	**$ 1,354,921**	$ 2,204,189
Add:		
Depreciation and amortization	**3,730,849**	3,519,855
Deferred income taxes	**370,000**	(53,400)
	5,455,770	5,670,644
Proceeds from receipt of term notes payable to bankers and mortgages payable	**3,059,288**	1,704,790
Proceeds on disposal of fixed assets	**835,181**	696,684
	9,350,239	8,072,118
Application of funds:		
Additions to the companies' plant and equipment	**6,271,130**	5,221,229
Dividends to shareholders	**1,075,496**	1,075,496
Provision for retirement of debentures and reduction of other deferred liabilities (net)	**2,014,450**	2,284,828
Increase in sundry assets (net)	**352,290**	79,932
Purchase of goodwill	**305,000**	
	10,018,366	8,661,485
Decrease in consolidated working capital	**668,127**	589,367
Consolidated working capital, beginning of year	**3,339,964**	3,929,331
Consolidated working capital, end of year	**$ 2,671,837**	$ 3,339,964

(See accompanying notes to the consolidated financial statements)

Silverwood Industries Limited *(Incorporated under the laws of Ontario)* and its subsidiary companies

Consolidated balance sheet

At December 29, 1974 *(with comparative amounts at December 30, 1973)*

Assets

	1974	1973
Current		
Cash	**$ 131,475**	$ 130,639
Short term deposit	**341,000**	435,578
Marketable securities – at cost (approximate market value December 29, 1974 - $600,000; December 30, 1973 - $602,000)	**750,000**	755,000
Trade accounts and other receivables (less allowance for doubtful accounts – December 29, 1974 - $1,232,623; December 30, 1973 $1,043,350)	**13,121,975**	9,363,045
Inventories – at the lower of cost or net realizable value *(note 1)*	**15,255,092**	12,398,671
Prepaid expenses	**1,460,853**	913,202
	31,060,395	23,996,135
Fixed *(note 1)*		
Land, buildings, equipment and leasehold improvements – at cost	**66,487,372**	61,676,361
Less accumulated depreciation and amortization	**34,595,949**	31,836,123
	31,891,423	29,840,238
Sundry		
Deferred expenses and other assets	**1,387,409**	1,035,119
Goodwill *(note 1)*	**6,293,218**	6,018,844
Expenses in connection with debentures issued, less amortization	**256,483**	278,713
	7,937,110	7,332,676
	$70,888,928	$61,169,049

On behalf of the Board

Eric L. Lindsey Director

W. D. Barton Director

Liabilities

	1974	1973
Current		
Due to bankers	**$ 7,516,137**	$ 3,186,268
Accounts payable – milk and cream producers	**4,962,108**	3,667,929
Other accounts payable and accrued charges	**13,536,331**	10,461,913
Income taxes payable	**119,777**	1,296,141
Employees' tax deductions	**816,629**	756,731
Dividends declared	**268,768**	268,768
Principal instalments on debentures and other deferred liabilities due within one year	**1,168,808**	1,018,421
	28,388,558	20,656,171
Debentures payable and other deferred liabilities *(notes 2 and 3)*	**13,149,557**	12,104,719
Deferred income taxes	**4,181,000**	3,808,600
Shareholders' equity		
Capital –		
Class "A" shares without par value entitled to cumulative, preferential dividends of 60¢ per share per annum, payable quarterly, and after the Class "B" shares have received 60¢ per share in any one year to further participation rateably with Class "B" shares; entitled in liquidation to a priority of $15 per share –		
Class "B" shares without par value		
Authorized: Class "A" 1,000,000 shares; Class "B" 500,000 shares		
Issued: Class "A" 903,158 shares; Class "B" 441,212 shares	**7,341,317**	7,341,317
Consolidated retained earnings *(note 3)*	**17,828,496**	17,258,242
	25,169,813	24,599,559
	$70,888,928	$61,169,049

(See accompanying notes to the consolidated financial statements)

Silverwood Industries Limited and its subsidiary companies

Notes to the consolidated financial statements

December 29, 1974

1. Accounting policies

Principles of consolidation. The accompanying consolidated financial statements include the accounts of all subsidiary companies in which Silverwood Industries Limited or its subsidiaries owned an equity interest in excess of 50% at the respective fiscal year ends with appropriate provision for minority interests.
The convenience store division accounted for $96,793,640 of total consolidated sales ($82,764,367 at December 30, 1973).

Inventories. Inventories are valued at the lower of cost or net realizable value.
Inventory values are as follows:

	December 29, 1974	December 30, 1973
Convenience store retail	**$ 6,145,280**	$ 5,112,007
Dairy division products	**3,270,879**	2,578,120
Supplies	**5,838,933**	4,708,544
	$15,255,092	$12,398,671

Fixed assets. Fixed assets are valued at cost and are depreciated on a straight line basis over the estimated useful life of the asset. The fixed assets consist of:

	Estimated useful life	**December 29, 1974**	December 30, 1973
Land		**$ 2,386,979**	$ 2,339,793
Buildings	20-50 years	**14,539,441**	13,670,375
Machinery and equipment	10 years	**19,002,585**	17,404,162
Merchandising equipment	12 years	**16,233,192**	15,230,957
Delivery equipment	7 years	**11,422,807**	10,465,150
Leasehold improvements	term of lease	**2,902,368**	2,565,924
		66,487,372	61,676,361
Less accumulated depreciation and amortization		**34,595,949**	31,836,123
		$31,891,423	$29,840,238

Maximum capital cost allowance is claimed for income tax purposes and appropriate provision is made for deferred income taxes.

Goodwill. Goodwill representing the excess of the purchase price of subsidiaries over the net book value of the underlying assets, and purchased goodwill prior to December 31, 1973 is carried at cost less any disposals.
In accordance with the recommendations of the Canadian Institute of Chartered Accountants, goodwill purchased subsequent to December 31, 1973 is being amortized on a straight line basis. The goodwill purchased in 1974 is being amortized over periods of five to ten years. Amortization for 1974 amounted to $30,626.

2. Debentures payable and other deferred liabilities

	December 29, 1974	December 30, 1973
7¼% sinking fund debentures Series A, due July 5, 1986 (sinking fund payment of $400,000 per annum)	**$ 6,832,500**	$ 7,190,000
Term notes payable to bankers *(note)*	**6,070,136**	4,213,003
Notes payable	**84,932**	195,250
5% - 9½% mortgages payable	**1,167,282**	1,367,066
Other	**163,515**	157,821
	14,318,365	13,123,140
Less portion due within one year included in current liabilities (net of debentures redeemed in advance)	**1,168,808**	1,018,421
	$13,149,557	$12,104,719

Note: Debentures payable and other deferred liabilities include term notes of two subsidiary companies in the amount of $4,570,136 which are secured by floating charge debentures on the assets of those subsidiaries.

Maturities and sinking fund requirements during the next five years are as follows:

Year ended	Amount	
December 28, 1975	$1,168,808	
December 26, 1976	2,926,397	(including term notes payable to bankers of $1,873,334)
January 1, 1978	2,955,151	
December 31, 1978	503,573	
December 30, 1979	428,938	

3. Restrictions on payment of dividends

Under the provisions of the Trust Indenture securing the 7¼% sinking fund debentures, the company cannot declare or pay dividends (other than stock dividends and dividends at the rate of 60¢ per share per annum on the outstanding Class "A" shares of the company) when:

(a) consolidated net current assets (as therein defined) of the company and its designated subsidiaries are less than, or would thereby be reduced to less than $2,500,000, and

(b) the consolidated retained earnings of the company and its designated subsidiaries will be less than the lesser of 75% of the principal amount of all funded obligations of the company and its designated subsidiaries or $7,500,000.

4. Extraordinary items

Extraordinary gains, including applicable income taxes of $2,400 for the year ended December 29, 1974 ($75,500 - December 30, 1973) consist of:

	December 29, 1974	December 30, 1973
Gain from the sale of surplus properties and the resultant benefits received therefrom	**$290,829**	$247,911

5. Lease agreements and commitments

Silverwood Industries Limited and its subsidiary companies have entered into agreements to lease equipment and properties for various periods up to 1994 at total maximum aggregate net rentals of approximately $27,400,000. The maximum net rentals which will be charged to consolidated operations in the ordinary course of business during the next five years will amount to approximately $3,600,000 per annum.

As at December 29, 1974 actuarial estimates of the companies' liability in respect of past service pension benefits not provided for in the attached consolidated financial statements amounted to approximately $759,000 (December 30, 1973 - approximately $792,000). It is the intention of the companies to provide for and pay this liability over a period not exceeding the next fifteen fiscal years.

6. Remuneration of directors and senior officers

Aggregate direct remuneration paid or payable by the company and its subsidiaries to directors, who act only in that capacity, and senior officers, some of whom act as directors of the company but do not receive additional remuneration as such, amounted to:

	December 29, 1974	December 30, 1973
Directors	**$ 18,900**	$ 21,100
Senior officers	**428,277**	361,504
	$447,177	$382,604

7. Restatement of prior year figures

Certain comparative figures at December 30, 1973 have been restated due to reclassification of certain items.

Auditors' report

To the Shareholders of Silverwood Industries Limited

We have examined the consolidated balance sheet of Silverwood Industries Limited and its subsidiary companies as at December 29, 1974 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 29, 1974, the results of their operations and the changes in financial position for the year then ended, in accordance with generally accepted accounting principles. These principles, except for the change in the basis of accounting for goodwill explained in note 1 to the consolidated financial statements, and with which we agree, were applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co., Chartered Accountants.

London, Canada, February 21, 1975

Directors

(as at December 29, 1974)

W. I. Barton*
London, Ontario

G. M. Carlyle
Calgary, Alberta

Eric F. Findlay*
London, Ontario

D. F. Guy
President, Mac's Milk Limited
Toronto, Ontario

N. E. Kaye
Waterloo, Ontario

A. E. Lawrence, Jr.
London, Ontario

R. G. Pardy*
London, Ontario

W. Sagain
President, Silverwood Dairies Limited
Toronto, Ontario

D. G. Silverwood*
President, Silvertree - a California Corporation
Victoria, B. C.

H. T. Spettigue*
London, Ontario

J. Allyn Taylor*
Chairman of the Board, The Canada Trust Company and the Huron & Erie Mortgage Corporation
London, Ontario

D. H. Thain*
Professor, School of Business Administration, University of Western Ontario
London, Ontario

C. L. Tulloch
President, Londonderry Distributors Limited
London, Ontario

David B. Weldon*
President and Chief Executive Officer, Midland Doherty Limited
Toronto, Ontario

**Member of the Executive Committee*

Honorary Director
A. E. Lawrence, Sr.
London, Ontario

Officers

(as at December 29, 1974)

Eric F. Findlay
Chairman of the Board,
President and Chief Executive Officer

H. T. Spettigue
Senior Vice President

R. G. Pardy
Vice President, Finance

C. L. Tulloch
Vice President, General Manager - Citrus Juice Division

G. R. Carton
Vice President, Corporate Development

W. I. Barton
Secretary-Treasurer

A. E. Lawrence, Jr.
Assistant Treasurer

N. W. Sanderson
Assistant Secretary

Corporate data

Head Office
75 Bathurst Street, London, Ontario N6B 1N8

Mailing Address
P.O. Box 2185, London, Ontario N6A 4E5

Transfer Agents
The Canada Trust Company/Toronto, Calgary and Vancouver

Auditors
Clarkson, Gordon & Co.,
Chartered Accountants

Operating Companies
Dairies Division
- Silverwood Dairies Limited/Head Office, Toronto, Ontario
- Canmore Dairy Ltd./Canmore, Alberta/ 55% owned
- Milum Dominion Dairy Limited/Golden, B.C./55% owned
- The Valley View Dairies Limited/Toronto, Ontario
- Valley Milk Ltd./Invermere, B.C.

Convenience Store Division
- Mac's Milk Limited/Head Office, Toronto, Ontario

Citrus Juice Division
- Londonderry Distributors Limited/Toronto, Ontario

Leasing Division
- Kayesil Limited/Head Office, London, Ontario

Silverwood Industries Limited
75 Bathurst Street, London, Ontario N6B 1N8

INTERIM REPORT TO THE SHAREHOLDERS SILVERWOOD INDUSTRIES LIMITED

TO OUR SHAREHOLDERS:

This mid-year report covers the twenty-four week period of operations from December 31, 1973 to June 16, 1974 with comparative amounts for the twenty-four week period January 1 to June 17, 1973.

At the outset, it should be stated that this period has been one of the most difficult periods for management in many years. Controlled operations in the dairy field have been almost impossible to achieve because of the cost of goods spiralling upward unpredictably coupled with supply shortages primarily in the packaging field. These factors when combined with price controls on fluid milk through the medium of the Federal Government fluid milk subsidy program, have had a deteriorating effect on our profit position in our dairy processing operations. Your management team is continuing to work with the various Provincial Governments in an attempt to obtain relief from the rigid selling prices invoked under the Federal Government price control and we are optimistic that to some degree there will be relief forthcoming in this area.

The convenience store operations and the resulting profits have progressed satisfactorily, although these results have not been affected by the normal impact on profits created by new store expansion. That expension is slower than had been planned.

Consolidated Net Income from operations for the twenty-four week period was $844,221. (62.8¢ per Class "A" and "B" share), a small decrease ($32,329.) when compared with the 1973 results.

It will be noted that Consolidated Sales of $97,240,230. reflect an increase of 16.5% over the same period of the previous year. This is a higher rate of increase than we have previously achieved due in part to the inflationary factors in the economy.

We are planning to increase new store openings in our convenience store sector in the latter part of the year, and this factor combined with the unpredictable supply problems in the dairy operations is expected to have a levelling effect on earnings for the balance of 1974.

The Board of Directors authorized on June 27 the payment of a quarterly dividend of 20¢ per share on October 1 to shareholders of record August 30, 1974.

Eric L. Lindsay

Chairman of the Board,
President and
Chief Executive Officer

London, Canada
July 31, 1974

SILVERWOOD INDUSTRIES LIMITED

A Canadian owned company, engaged in the provision of a range of consumer goods and services within Canada

HEAD OFFICE
75 BATHURST STREET
LONDON, ONTARIO
N6B 1N8

SILVERWOOD INDUSTRIES LIMITED

AR21

INTERIM REPORT to the shareholders for the 24 weeks ended June 16, 1974

SILVERWOOD INDUSTRIES LIMITED
and its Subsidiary Companies

INTERIM STATEMENT OF CONSOLIDATED INCOME (not audited)	24 Weeks Ended June 16, 1974	24 Weeks Ended June 17, 1973
Sales	$97,240,230.	$83,485,096.
Less:		
Cost of materials and production expenses	71,888,032.	59,761,611.
Selling, administrative and general expenses	21,436,681.	19,948,456.
Depreciation and amortization	1,726,859.	1,609,960.
Interest (including interest on short term debt — 1974 - $129,664.; 1973 - $93,458.)	547,705.	501,631.
	$95,599,277.	$81,821,658.
Income before taxes on income	1,640,953.	1,663,438.
Taxes on income:		
Current	772,414.	697,923.
Deferred	24,318.	88,965.
	796,732.	786,888.
Consolidated net income before extraordinary items	844,221.	876,550.
Extraordinary items	190,866.	62,607.
Consolidated net income for period	$ 1,035,087.	$ 939,157.
Earnings per Class "A" and "B" shares:		
Consolidated net income before extraordinary items	62.8¢	65.2¢
Consolidated net income for period	77.0¢	69.9¢

INTERIM STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS (not audited)	24 Weeks Ended June 16, 1974	24 Weeks Ended June 17, 1973
SOURCE OF FUNDS:		
Operations —		
Consisting of:		
Consolidated net income for period	$ 844,221.	$ 876,550.
Add:		
Depreciation and amortization	1,726,859.	1,609,960.
Deferred income taxes	24,318.	88,466.
	2,595,398.	2,574,976.
Proceeds from receipt of term notes payable to bankers and mortgages payable	1,433,607.	—
Proceeds on disposal of fixed assets and stores	442,324.	183,918.
Decrease in sundry assets (net)	15,584.	12,642.
	4,486,913.	2,771,536.
APPLICATION OF FUNDS:		
Additions to the companies' plant and equipment	2,089,556.	1,145,640.
Dividends to shareholders	537,748.	537,748.
Provision for retirement of debentures and reduction of other deferred liabilities (net)	1,408,248.	1,294,860.
Purchase of Goodwill	275,000.	—
	4,310,552.	2,978,248.
Increase (decrease) in consolidated working capital	176,361.	(206,712.)
Consolidated working capital, beginning of year	3,339,964.	3,929,331.
Consolidated working capital, end of period	$ 3,516,325.	$ 3,722,619.

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AR21

ANNUAL MEETING OF SHAREHOLDERS
SILVERWOOD INDUSTRIES LIMITED
TUESDAY, APRIL 30, 1974
2:00 P.M. - DOWNTOWN HOLIDAY INN
LONDON ONTARIO

LADIES AND GENTLEMEN:

IT IS CUSTOMARY AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE COMPANY FOR THE CHAIRMAN TO REVIEW WITH YOU THE OPERATIONS OF THE COMPANY AND ITS SUBSIDIARIES DURING THE LATEST FISCAL YEAR. THERE ARE TIMES WHEN ONE DOES SO WITH TREPIDATION AS WE DID LAST YEAR. HOWEVER, 1973 BROUGHT A GREAT DEAL OF SATISFACTION TO YOUR BOARD AND TO MANAGEMENT AND WE ARE HAPPY TO BRING THIS REPORT TO OUR SHAREHOLDERS. EACH OF YOU HAS RECEIVED A COPY OF OUR ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 30, 1973, AND I FEEL IT WOULD BE REDUNDANT FOR ME TO RECITE THOSE FIGURES AGAIN APART FROM REITERATING THE FACT THAT DESPITE THE IMPROVED OPERATIONAL FIGURES, OUR RETURN ON NET WORTH IS STILL ONLY 8.7%, AND THE EARNINGS ON THE SALES DOLLAR IS ONLY 1.14%. THESE ARE FIGURES WHICH HARDLY RATE THE TERM "PROFITEERING" AND IN FACT STILL HAVE MUCH TO BE DESIRED IN THE EYES OF THE INVESTOR.

YET ONE HAS TO RECOGNIZE THAT THE FOOD INDUSTRY AND SPECIFICALLY AT TIMES SILVERWOOD INDUSTRIES LIMITED, HAVE BEEN UNDER ATTACK POLITICALLY BY INDIVIDUALS SEEKING HEADLINES AND PUBLICITY BY PREYING ON THE ADVERSITY BEING SUFFERED BY SEGMENTS OF SOCIETY WITH

RELATIVELY FIXED/

RELATIVELY FIXED INCOMES IN A RAMPANTLY INFLATIONARY ECONOMY. THESE REMARKS AS DIRECTED AT SILVERWOOD INDUSTRIES LIMITED, ARE TOTALLY UNJUSTIFIED.

MUCH HAS BEEN DONE BY BOTH THE MAJOR OPERATING DIVISIONS IN 1973 TO BRING ABOUT THE FINANCIAL RESULTS OBTAINED. IN MAC'S MILK A PROGRAM OF CLOSING UNPROFITABLE STORES WAS AGGRESSIVELY PURSUED, RESULTING IN THE CLOSING IN LATTER 1972 and 1973, OF 59 STORES. AS WELL THE MARKETING DEPARTMENTS IMPLEMENTED A SCREENING PROCESS OF SHELF ITEMS, REMOVING THOSE ITEMS WHICH COULD NOT BE CONSIDERED AS ADEQUATELY CARRYING THE EXPENSE LOAD.

IN DAIRIES, EXTENSIVE OVERHAUL OF ROUTE PATTERNS AND DISTRIBUTION FACILITIES, THE START OF A CENTRALIZED PRODUCTION EMPHASIS, HAD ALL AIDED IN PRODUCING THE DESIRED RESULTS. AS WELL, NEEDED PRICE RELIEF HAD BEEN OBTAINED IN THE MAJOR ONTARIO MARKET AS OF JANUARY 1973, WHICH HAD HELPED RETURN DAIRY MARGINS BACK TO A REASONABLE LEVEL NOT OBTAINABLE IN 1972. IT SHOULD BE REALIZED THAT TOTAL PROFITABILITY IN DAIRIES DIVISION WAS STILL NOTICEABLY LAGGING BEHIND PREVIOUS YEARS.

AS WE INDICATED TO YOU LAST FALL, THE POLICY OF THE FEDERAL GOVERNMENT IN ISOLATING THE DAIRY INDUSTRY, BOTH PRODUCER AND PROCESSOR, IN A VIRTUAL PRICE FREEZE THROUGH THE MEDIUM OF A FLUID MILK SUBSIDY PROGRAM, IS HAVING A DETRIMENTAL EFFECT ON THE TOTAL INDUSTRY.

ALTHOUGH TEMPORARY/

ALTHOUGH TEMPORARY REFLIEF IN SOME PROVINCES HAS BEEN GRANTED WITHIN THE LAST THIRTY DAYS, IT IS BEING DONE AFTER THE FACT AND AFTER THE INDUSTRY HAS HAD TO BEAR THE INFLATIONARY COSTS OF THE REST OF THE ECONOMY WHILE UNDER SELLING PRICE RESTRICTIONS.

AS A CANADIAN COMPANY AND A LEADER IN THE DAIRY INDUSTRY IN CANADA, WE HAVE GREAT CONCERN FOR THE CANADIAN CONSUMERS AND THE PRESERVATION OF THEIR PURCHASING POWER IN AN INFLATIONARY ECONOMY. HOWEVER, WE HAVE EQUAL CONCERN FOR THE PRESERVATION OF A VIABLE PRODUCING SECTOR, BOTH PRODUCER AND PROCESSOR, IN THE LONG TERM INTERESTS OF THE COUNTRY AND ITS PEOPLE. A PIECE-MEAL POLICY OF CONTROLLING INFLATION HARDLY SEEMS THE ANSWER.

IN AN ATOMOSPHERE OF REASONABLE SATISFACTION WITH YEAR-END RESULTS, IT IS PRUDENT TO BE ANALYTICALLY CRITICAL OF THE OPERATIONS, OF REFERRING TO THE LONG RANGE GOALS AND OBJECTIVES OF THE COMPANY. WE HAVE RECOGNIZED AS MANY OF YOU HAVE, THAT THE COMPANY'S STRENGTHS HAVE BEEN CONCENTRATED IN AN INDUSTRY WHICH IS AND HAS BEEN UNDER INCREASING GOVERNMENTAL CONTROL - PRICING CONTROLS (THIS LASTEST SUBSIDY IS AN EXAMPLE WHERE JUSTIFICATION IS HAVING TO BE MADE TO TWO POLITICALLY ORIENTED GOVERNMENTS; PROVINCIAL AND FEDERAL, BEFORE RELIEF CAN BE OBTAINED), DISTRIBUTION

AND LICENSING/

AND LICENSING CONTROLS, PACKAGING CONTROLS (BILINGUAL LABELLING, METRIC AND NUTRITIONAL LABELLING) STORE HOURS CONTROL OR LACK OF CONTROL, FRANCHISING CONTROLS (BOTH OF WHICH GOVERNMENTS HAVE BEEN VERY INDECISIVE ABOUT.)

NEVERTHELESS, WE ARE CONFIDENT THAT IN BOTH OF OUR MAJOR OPERATING DIVISIONS, THE MANAGEMENT STRENGTH THAT WE HAVE ESTABLISHED IS CAPABLE OF MEETING THE CHALLENGES WHICH CONFRONT THEM.

HOWEVER, IN OUR PLANNING, MUCH OF OUR THRUST IS BEING AIMED AT STRUCTURING THE COMPANY SO THAT IT IS IN A POSITION TO EFFECTIVELY BROADEN ITS BASE OUTSIDE OF THE FOOD INDUSTRY. WE WOULD ANTICIPATE THAT AT THIS TIME NEXT YEAR, THERE WILL BE INTITAL EVIDENCE OF SOME PROGRESS ALONG THESE LINES.

ONE MUST HAVE CONCERN FOR THE VALUE OF OUR STOCK ON THE CURRENT MARKET, EVEN THOUGH BY ALL MEASURMENTS IT SHOULD BE CONSIDERED AN EXCELLENT PURCHASE. WITH AMPLE EVIDENCE OF OUR EQUITY VALUE PER SHARE AT $18.30, OF AN EXCELLENT DIVIDEND RECORD OF 80¢ PER SHARE OVER THE LAST EIGHT YEARS, A PRICE EARNINGS RATIO OF 6-1/2 TO 7 HARDLY SEEMS REASONABLE.

YET IT IS AMPLY EVIDENT THAT THE FINANCIAL COMMUNITY DOES NOT LOOK UPON THE COMPANY AS A GROWTH COMPANY AND IS CONCERNED WITH THE ABILITY OF MANAGEMENT

TO RETURN/

TO RETURN TO ITS SHAREHOLDERS FROM THE PRESENT INDUSTRY A FAVOURABLE EARNING ON SHAREHOLDER INVESTMENT. WE WOULD LIKE TO REITERATE THE COMMENT WE HAVE MADE EACH OF THE LAST TWO YEARS, THAT WE BELIEVE THIS COMPANY HAS THE ABILITY TO BE A GROWTH COMPANY OVER THE LONGER TERM AND THAT IF IT IS ANALYZED CAREFULLY, THE SIGNS ARE ALREADY THERE.

SOME 30 MONTHS AGO WHEN I WAS PRIVILEGED TO ASSUME THE CHAIRMANSHIP OF THE COMPANY, IT WAS DETERMINED AND AGREED TO BY YOUR BOARD OF DIRECTORS, THAT THE PRINCIPLE TASK OF SENIOR MANAGEMENT WAS TO TIGHTEN CONTROL AND CREATE EFFICIENCIES IN THE TWO MAJOR OPERATING DIVISIONS, BY STRENTHENING THE MANAGEMENT TEAMS, SO THAT THEY WERE TRULY COMPETITIVE IN THEIR FIELDS, AND IN THE PROCESS STRENGTHEN THE EARNINGS BASE OF THE COMPANY BEFORE MOVING TO OTHER FIELDS. THUS, CONCENTRATING OUR RESOURCES IN THIS AREA, LITTLE ATTENTION HAS BEEN PAID TO PROMOTING STOCK VALUE AND TO PUBLICIZING THE VERY POSITIVE STRENGTHS OF THE COMPANY. HOWEVER, WE HAVE BEEN DETERMINED TO ESTABLISH CREDIBILITY WITHIN THE FINANCIAL COMMUNITY AND INDEED WITH OUR OWN SHAREHOLDERS. WE HAVE OMITTED ANY BLUE SKYING BOTH INTERNALLY AND EXTERNALLY AND ONE MUST SAY IN THE PROCESS HAVE DEVELOPED A DEEP

PERSONAL PRIDE/

PERSONAL PRIDE IN THE ABILITY OF THE SENIOR MANAGEMENT STAFF AT "INDUSTRIES" AND INDEED AT OUR OPERATING DIVISIONS.

(AT THIS POINT, TIME IS TAKEN TO INTRODUCE THE SENIOR EXECUTIVES OF OUR OPERATING DIVISIONS AND ELABORATE ON THE SPECIFIC IMPROVEMENTS BEING MADE BY EACH ONE.)

MR. ERIC F. FINDLAY'S ADDRESS CONTINUED:-

BEFORE CLOSING WE SHOULD GIVE YOU A SNEAK PREVIEW OF THE FINANCIAL RESULTS OF THE FIRST QUARTER OF THE YEAR, 12 WEEKS ENDING MARCH 24, 1974, ALTHOUGH THE MAILED INTERIM REPORTS WILL NOT BE OUT UNTIL EARLY NEXT WEEK. CONSOLIDATED SALES OF $44,600,895 REFLECT AN INCREASE OF 12.2% OVER THE SAME PERIOD OF THE PREVIOUS YEAR.

CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS OF $253,975, REPRESENTS A DECREASE OF OPERATING PROFIT OF $26,324 OR .02¢ PER SHARE.

THESE ARE EXTRAORDINARY EARNINGS OF $190,866 OR 14.2¢ PER SHARE WHICH ARISE FROM THE SALE OF PROPERTIES IN ELMIRA, LINDSAY AND WINNIPEG. THIS SURPLUS OF PROPERTIES EMANATE FROM THE CONSOLIDATION PROGRAM IN SILVERWOOD DAIRIES LIMITED AIMED AT MORE EFFICIENT PRODUCTION COSTS.

IN TOTAL/

IN TOTAL, BECAUSE OF THE EXTRAORDINARY ITEMS, CONSOLIDATED NET INCOME IS $444,841 FOR 1974 AS COMPARED TO $305,539 FOR 1973 WHEN ONLY $25,240 WAS AVAILABLE FROM EXTRAORDINARY SOURCES.

IN CLOSING, I WANT TO PAY TRIBUTE TO THE MEMBERS OF OUR BOARD, EACH OF WHOM HAS DILIGENTLY GIVEN OF HIS TIME, EFFORT AND TALENT DURING THIS PAST YEAR. I FEEL THAT THE "DETERMINED CONFIDENCE AND SPIRIT" THAT I MAKE REFERENCE TO FROM TIME-TO-TIME IN OUR INTERIM REPORTS, EMANATES FROM THE BOARD AND IS CERTAINLY PICKED UP BY THE SENIOR MANAGEMENT GROUP.

INDEED, THE REAL STRENGTH OF SILVERWOOD INDUSTRIES, IS IN ITS PEOPLE STRENGTH FROM COAST TO COAST. THERE IS A GREAT LOYALTY IN EVIDENCE EVERYWHERE. GIVEN POSITIVE LEADERSHIP AND SOUND TRAINING, IT OFFERS A STRONG BASE FOR FUTURE DEVELOPMENT.